EXANE FUNDS 2 - EXANE PLEIADE FUND

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Exane Funds 2 – Exane Pleiade Fund (the "Sub-Fund")
Legal entity identifier: 529900T285CDO8PHHO57

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☒ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The ESG characteristics and sustainability risks associated with the investments have been assessed by the management company Exane Asset Management (the "**Management Company**") through:

- An **INTEGRATION approach**, that respects a willingness to invest in all sectors of activity while favoring companies that best address the sustainability risks they face and know how to adapt their business models and strategies to these new challenges.

  In particular, in terms of promoting (E) environmental and (S) social characteristics, 2 systematic axes were chosen to promote these characteristics in the sense of the SFDR regulation:
  - "E": company trajectory in the reduction of greenhouse gas emissions, with emphasis on concrete and measurable progress and targets,
  - “S": decent employment within the company and its entire supply chain.

  These two points form a mandatory common denominator, in addition to the need for a sector-by-sector analysis of relevant ESG criteria.
  Thus almost 100% of the securities held in the portfolio during the year were subject to internal and external ESG analysis. In addition, the annual weighted average ESG risk rating of the long portfolio was better than that of the investment universe.

- An **EXCLUSION policy**. The Management Company has complied with the exclusion policy, applied to the long positions in the portfolio and consisting of:

  (i) systematic exclusions:

  (a) controversial weapons: the Management Company identifies controversial weapons as those that have a disproportionate and indiscriminate impact on civilians, persisting for years after conflicts have ended. This applies to anti-personnel mines (APMs) and cluster bombs, whose impact on populations and territories persists beyond the period of peace, resulting in disproportionate and indiscriminate effects on civilians. In response to this, the Management Company has introduced a policy excluding controversial weapons such as incendiary weapons, white phosphorus bombs and chemical weapons. This approach is in line with France's commitments, including:

  - ratification of the Ottawa Convention signed in 1997, which prohibits the use, stockpiling, production and transfer of anti-personnel mines, as well as their destruction; and
  - the principles of the Oslo Convention signed in 2008, which prohibits the use, production, stockpiling and transfer of cluster munitions, with the exception of so-called "smart" munitions equipped with electronic anti-deactivation or self-destruction mechanisms.

  In addition, the Management Company maintains and updates a list of excluded stocks on the basis of product involvement indicators provided by the extra-financial data provider Sustainalytics®;

  b) tobacco production, gambling, pornography activities, where the income generated by these activities exceeds 10% of turnover;

  c) values not complying with the Global Compact principles and OECD guidelines, according to the extra-financial data provider Sustainalytics®; and

  d) list of countries (OFAC).

(ii) a discretionary list, established sector by sector, in accordance with the Management Company's investment philosophy, every six months on the basis of an internal analysis of the ESG characteristics of the companies. These are essentially securities in the investment universe with an ESG risk score above 30, as measured by Sustainalytics®. However, on the basis of internal analysis and supported by a documented calculation, certain securities may be reincluded and additional securities excluded.

- A **COMMITMENT approach** materialized by a continuous and documented dialogue with the management of the companies. The Management Company is convinced that good governance enhances risk assessment and improves corporate performances over the medium and longer term. Due to its high-level expertise in fundamental analysis of companies, the Management Company has significant access to the management of companies with whom a regular dialogue is maintained

How did the sustainability indicators perform?

Sustainability indicators measure how the environmental or social characteristics promoted by the financial

- 100% of the securities in the portfolio as of 31 December 2023 (excluding bonds and other debt securities issued by public or quasi-public issuers and cash held on an ancillary basis) have been subject to external and internal ESG analysis.
- None of the Sub-Fund's long positions has violated the Sub-Fund's exclusion policies.
- Long portfolio ESG risk rating < Investment universe ESG risk rating :
  the annual weighted average of the ESG risk ratings of the long equity portfolio is equal to 19.5 whereas that of the investment universe (defined as the global equity, with an emphasis on Europe) is equal to 21.4 (Source: Sustainalytics scoring).
- Proportion of the long portfolio with an ESG risk rating above 30 < to 15% :
  The annual average proportion of securities in the long equity portfolio with an ESG risk rating above 30 (as attributed by Sustainalytics) is equal to 1.9%.

…and compared to previous periods?

	ESG Analysis*	Long Portfolio ESG Risk Rating	Investment universe ESG risk rating	ESG Risk Rating > 30
2023	100%	19.5	21.4	1.9%
2022	100%	21.4	23.2	7.3%

***data as at 31/12/2023. The other data are weighted annual averages.*

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Sub-Fund does not currently commit to investing in any sustainable investments.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The Sub-Fund does not currently commit to investing in any sustainable investments.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

The Management Company has considered the principal adverse impacts ("PAI") applicable to the Sub-Fund's strategy:

PAI 1: "Greenhouse gas emissions"

PAI 1 is monitored through **ESG Analysis & Integration**, which aims to mitigate the main negative sustainability impacts. Particular attention is paid to the mitigation of PAIs covering the trajectory for reducing greenhouse gas emissions (PAI 1). This includes an analysis of the reduction targets, their validation by an independent body (SBTi), the associated capital expenditure and the level of communication (reflected in the CDP rating) supporting their credibility.

The metrics are reviewed monthly to verify the level of greenhouse gas emissions from the issuers in the portfolio. In addition, each company's greenhouse gas emissions reduction trajectory is the subject of a specific question in the Management Company's internal analysis tool, i-ESG, with a completion rate of close to 90%.

PAI 10 and 11: "Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises" and "Lack of processes and compliance

mechanisms to monitor adherence to the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises".

PAIs 10 and 11 are monitored in terms of both **Exclusion** and **Integration**.

The Exclusion policy covers the most significant risks related to sustainability factors, and this information will be and is applied in a binding and ongoing manner. In particular, the Exclusion Policy targets companies that do not comply with the United Nations Global Compact and the OECD Guidelines (as listed by the supplier Sustainalytics®), in relation to PAIs 10 and 11 covering these aspects.

As part of the **ESG Integration/Analysis**, particular attention is paid to mitigating the PAIs covering working conditions for employees and in the value chain. The social analysis criterion relating to decent employment (including in the supply chain) is the subject of a specific dedicated question in the internal i-ESG analysis tool, with a completion rate of close to 90%.

PAI 14: "Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons)".

PAI 14 is taken into account through the Management Company's **Exclusion** Policy.

As part of its exclusion policy, which is public and available on its website, the Management Company has chosen to exclude certain investments linked to controversial weapons in application of the Ottawa and Oslo Conventions, the Biological and Chemical Weapons Conventions and the Convention on Certain Conventional Weapons covering incendiary weapons. The stocks concerned are therefore blocked in the order-passing system, reflecting automated control.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: **01/01/2023 - 31/12/2023**

Largest investments (long positions)	Sector	% Assets (annual average)	Country
STMICROELECTRONICS NV	Technology	2,82 %	France
ENEL SPA	Utilities	2,72 %	Italy
AXA SA	Insurance	2,30 %	France
EDP-ENERGIAS DE PORTUGAL	Utilities	2,21 %	Portugal
E.ON SE	Utilities	2,07 %	Germany
SSE PLC	Utilities	2,01 %	United Kingdom
ASML HOLDING NV	Technology	1,88 %	The Netherlands
PROSUS NV	Technology	1,80 %	The Netherlands

BNP PARIBAS	Bank / Financial Sector	1,76 %	France
REPSOL SA	Energy	1,71 %	Spain
PUBLICIS GROUPE	Telecommunications	1,59 %	France
ING GROEP NV	Bank / Financial Sector	1,57 %	The Netherlands
CAPGEMINI SE	Technology	1,48 %	France
RWE AG	Utilities	1,43 %	Germany
ASR NEDERLAND NV	Insurance	1,43 %	The Netherlands

The positions listed above corresponds to long positions in the portfolio. The Sub-Fund implements a market-neutral and sector-neutral long/short strategy. Thus, there are short positions in the portfolio on the same sectors, resulting in a net exposure close to zero on each sector.

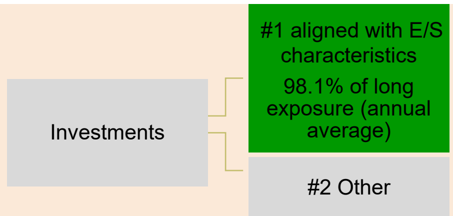
What was the proportion of sustainability-related investments?

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

On an annual average, 98.1% of the long exposure of the portfolio has been invested in issuers aligned with the promoted E/S characteristics (#1 Aligned with E/S characteristics). This alignment is calculated by taking into account securities with an average Sustainalytics® ESG risk rating of less than 30 and which have undergone an internal ESG analysis.

Investments included under "#2 Other" were (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, (iii) securities in the long portfolio issued by issuers that are not aligned with the promoted E/S characteristics and (iv) securities in the short portfolio.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

In which economic sectors were the investments made?

Subject to the exclusions lists, the Sub-Fund may invest in all sectors of activity and investments made during the year 2023 covered the following sectors (expressed as annual gross exposure average):

Sector	Weight (%)
Finance	68%
Utilities	24%
Industrial Goods and Services	18%
Information Technology	16%
Telecommunications	13%
Consumer Discretionary	11%
Materials	10%
Healthcare	9%
Energy	7%
Staples	6%
Real Estate	4%

The Sub-Fund implements a market-neutral and sector-neutral long/short strategy. Thus, the net exposure is close to zero on each of the sector above.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Sub-Fund does not currently commit to investing in sustainable investments with an environmental objective aligned with the EU Taxonomy

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?**

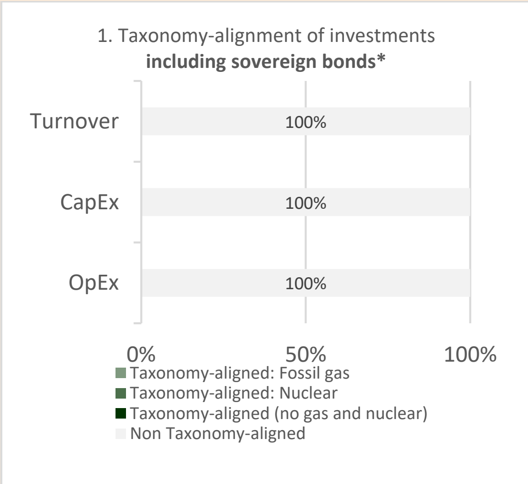
☐ Yes:

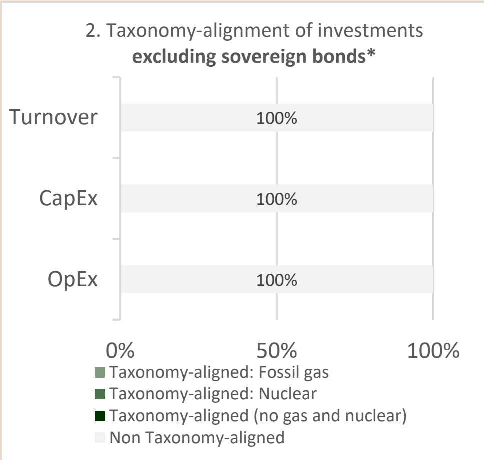
☐ In fossil gas ☐ In nuclear energy

☒ No

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the "greenness" of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments.

**For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective – see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What was the share of investments made in transitional and enabling activities?

As the Sub-Fund does not commit to invest any "sustainable investment" within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation was equal to 0%.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Non Applicable

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy

The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. Therefore, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

Not Applicable (N/A).

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under "#2 Other" were (i) instruments related to the money market pocket (debt securities and money market funds), (ii) cash held on an ancillary basis, (iii) securities in the long portfolio issued by issuers that are not aligned with the promoted E/S characteristics and (iv) securities in the short portfolio.

The money market pocket and the short portfolio are subject to ESG analysis but none of the investments under "#2 Other" are subject to minimum or social safeguards.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

During the 2023 financial year, the Management Company continued to deploy the ESG approach on the 3 pillars allowing it to promote environmental and social characteristics in the management of the Sub-Fund: **Exclusion, Integration and Commitment**:

- the Management Company benefited from the generalisation of its normative **exclusion policy** that took place at the end of 2022 to all the funds.

Certain securities are thus systematically excluded from all the buy positions:

a) controversial weapons in application of the Ottawa and Oslo conventions, the conventions on biological and chemical weapons as well as the convention on certain conventional weapons covering incendiary weapons;

b) tobacco production, gambling, pornography activities where the income generated by these activities exceeds 10% of turnover; and

c) values that are not compliant with the Global Compact principles and OECD Guidelines according to the extra-financial data provider Sustainalytics®.

- In terms of **integration**, the internal ESG analysis, in addition to specialised external databases and broker research, aims to cover all the securities held in position. The minimum target of 90% was thus clearly beaten during the year, with almost 100% of securities analysed at all times. In addition, the long positions had an annual weighted average ESG rating better than that of the investment universe.

- Finally, in terms of **engagement**, the Management Company continues to dialogue with issuers on material ESG issues relating to their sectors of activity, including systematically for all sectors, on 2 fundamental objectives:

o E- the Greenhouse Gas Emission Reduction Pathway,

o S- Decent Employment (including supply chain).

During the 2023 financial year, the Management Company deepened its ESG analyses by company and by theme, thanks in particular to the arrival of a new ESG analyst in the management team to work alongside the Head of ESG. Finally, it should be noted that two of the three managers who joined the team of sectorial portfolio managers during the 2023 financial year already hold ESG certifications.

How did this financial product perform compared to the reference benchmark?

Non Applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.